

 News Corporation

11th August 2011

To: John Whittingdale OBE MP
Chairman
Culture, Media and Sport Committee
House of Commons
7 Millbank
London
SW1P 3JA

Dear Mr Whittingdale

Many thanks for your letter of 29 July, further to my oral evidence to your Committee on 19 July. I am grateful to have the opportunity to be of further assistance to you. I am committed to ensuring that News Corporation and its subsidiary, News International, will cooperate fully with you. In my responses below I have sought to provide further information in a number of areas, where this is available. It is worth highlighting at this point that a number of your specific questions concern matters which are not within my own personal knowledge. Where that is the case I have made it clear that my answers are based on information obtained from my colleagues. I do that by prefacing my answers with a statement such as "I am informed". Specifically, this applies in relation to the answers to questions 3, 4, 5, 6, 8, 9, 13, 14, 15, 16, 17, 18 and 19.

I would like to remind the Committee that I rejoined News Corporation in December 2007 and that News International was one of the companies in Europe and Asia for which I was responsible and that many of the underlying facts to the answers below pre-date my joining.

1 You promised to explain why News International did not disclose internal e-mails that would have aided the appeal of Mr Tommy Sheridan? [Q236]

I am informed that this matter is being looked into by Scottish police. We are co-operating with the Scottish and Metropolitan Police on this matter.

2 Please supply the News Corporation code of conduct document and indicate whether you require your executives to make annual statements that they have abided by your codes of conduct and ethics. [Q20]

I enclose the News Corporation Standards of Business Conduct. This is a comprehensive Code of Conduct which I understand was introduced in February 1996. It covers matters such as integrity and transparency of conduct, corporate recordkeeping and accounting, compliance with applicable laws and the prevention of corruption and bribery. It is reviewed periodically and was updated in 2004, 2006 and 2011. In addition to these standards the company has adopted an additional code of ethics for chief executives and senior financial officers. A copy of that document is enclosed. News Corporation currently does not require annual employee certifications with respect to receipt or review of its Standards of Business Conduct. All new employees are given the Standards and each employee has received an email of the recently updated version. Rather than undertaking the massive task of tracking certifications from each individual employee, the Company has been considering obtaining a certification from the head human resources person at each business unit that he or she distributed the Standards to the employees in their business unit, an approach we believe strikes an appropriate middle-ground.

James Murdoch
Chairman & CEO, Europe & Asia

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- 3 Were the settlements to Gordon Taylor and Max Clifford paid by News International, News Corporation or News Group Newspapers? [Q256]**

I am informed that payments to Mr Taylor and Mr Clifford were made by News International Services Company Limited ("NISCO"), a subsidiary of News International Limited ("News International"). These payments were made on behalf of, and charged back to, News Group Newspapers Limited ("NGN"). NGN is the entity which published the *News of the World*.

- 4 Please supply details of the contract with Mr Max Clifford, which was cancelled by Mr Andy Coulson. [Q285 & Q286]**

Searches have been made and my colleagues have not yet been able to find a copy of any contract with Mr Max Clifford or his company, although we will continue our searches. I am unable to confirm that there was a written contract with Mr Clifford. I am informed that the arrangement between Mr Clifford and News International was terminated by Andy Coulson. I am informed that Mr Clifford's company was, thereafter, paid from time to time for exclusive news stories.

- 5 Please supply details of payments made to Clive Goodman and Glenn Mulcaire subsequent to their guilty plea, and tell us who signed them off. [Q294 & Q295 & Q321]**

I am informed that Mr Goodman was paid £90,502.08 in April 2007 and £153,000 (£13,000 of which was to pay for his legal fees) between October and December 2007. The first payment was approved by Mr Daniel Cloke, Director of Human Resources for News International. The second was approved by Mr Cloke and Mr Jon Chapman, Director of Legal Affairs for News International. These payments were in the context of an unfair dismissal claim brought by Mr Goodman. Legal fees incurred by Mr Mulcaire were paid after his guilty plea – further detail of this is set out in the answer to question 6 below.

- 6 Please confirm what legal fees have been paid in respect of Glenn Mulcaire and the current situation regarding such payments. If his legal costs are still being paid, please provide details of the contract or other obligations assumed that oblige his legal costs to be paid. [Q320]**

I am informed that approximately £246,000 was paid to Mr Mulcaire's lawyers. Mr Mulcaire's legal fees are no longer being paid by News International. On 20 July 2011 News International announced that it would no longer pay Mr Mulcaire's legal fees and subsequently confirmed that in writing to Mr Mulcaire's lawyers on 28 July 2011.

- 7 Please indicate when, precisely, you first came to know about the file of emails that was discovered, allegedly in the offices of Harbottle and Lewis. [Q326]**

I first heard about the existence of the Harbottle & Lewis emails on or about 20 April 2011.

- 8 Please provide the instructions given to Harbottle and Lewis. [Q340]**

I enclose copies of the documents which I am informed constitute the correspondence (both hard copy and email) between the company and Harbottle & Lewis in relation to the review conducted by Harbottle & Lewis in May 2007 which led to their letter dated 29 May 2007. Redactions have been made after discussion with the Metropolitan Police Service.

I do not know what other oral instructions were given, if any.

- 9 **Could you tell the Committee the extent of the information that was given to Harbottle and Lewis out of the totality of information that was available? [Q340]**

In addition to the documents referred to in answer to question 8 above, I am told that Harbottle & Lewis appear to have been given online access to emails from six email accounts, namely the email accounts of individuals whose names arose in the context of employment proceedings brought by Mr Goodman following his dismissal. I do not know what else, if anything, was given to them.

- 10 **Please indicate whether you would like to reconsider the Harbottle and Lewis letter provided to the Committee during its 2009 inquiry, and, if so, why. [Q347]**

I was asked during my appearance before the Select Committee whether I would like to withdraw the Harbottle & Lewis letter from the record "as an accurate portrayal of what really went on at the News of the World" [Q345]. In my evidence I explained that it was a relevant document in terms of the reliance placed on it by News International at the time. I did not suggest, however, that it should still be relied upon. As we now know, the facts show that the wrongdoing at the *News of the World* did spread beyond Mr Goodman. The letter cannot, therefore, be relied upon any more.

Based on Qq 242, 243, 244 and 247

- 11 **Before authorising the Gordon Taylor settlement, what did you know of the interception and other facts surrounding it including: by whom it was carried out; and on whose instruction or behalf? How, when and by whom were you told; and what evidence did you see or ask for regarding the interception?**

I was briefed by Mr Crone and Mr Myler on the status of the case on 10 June 2008 at a meeting in my offices in Wapping. My recollection is that the meeting was relatively short (certainly less than 30 minutes). I explained my understanding of the case after that briefing in my answer to Q242. Prior to the meeting of 10 June 2008, I do not recall being given any briefing nor do I recall either Mr Crone or Mr Myler referring to, or showing me, any documents during the meeting. I recall being told by them when we met that the civil litigation related to the interception of Mr Taylor's voicemails to which Mulcaire had pleaded guilty the previous year and that there was evidence that Mulcaire had carried out this interception on behalf of the *News of the World*. It was for this reason that Mr Crone and Mr Myler recommended settlement. I was told that external counsel agreed with this. I was advised that there was no benefit in continuing to litigate the case and that we would lose. I did not ask for any evidence – I was content to rely upon Mr Myler and Mr Crone. Let me reiterate that I have no recollection of any mention of "Thurlbeck" or a "for Neville" email. Neither Mr Myler nor Mr Crone told me that wrongdoing extended beyond Mr Goodman or Mr Mulcaire. There was nothing discussed in the meeting that led me to believe that a further investigation was necessary.

As far as I can recall, I authorised Messrs Crone and Myler at the meeting of 10 June to go ahead and negotiate a settlement. There were no further meetings and I do not recall any further discussion on the subject. However, it is possible, although I do not recall it, that someone may have given me a brief update subsequently as to the amount of the final settlement.

I would like to clarify what I said to the Committee about how the amount of the Taylor settlement was reached. In my answers to Q264 and Q392 I explained that I had understood that the amount was based on a judgement of the likely damages that could be

awarded, and the costs and expenses associated with litigation. However, I did not know at the time or when I gave my evidence that any part of the amount of the Taylor settlement specifically related to the confidentiality aspect of the settlement. Since I gave this response, I have been informed that confidentiality was a factor in determining the amount of the settlement payment; however, I was not party to those discussions nor was it my motivation in agreeing to settle the case which, as described above, was to avoid continuing to litigate a case which I understood we were bound to lose.

- 12 What did you know of the interception and other 'facts' surrounding it, including by whom it was carried out and on whose What are the financial thresholds for payments that would have required the approval of the Editor or of any of the other editorial postholders?**

There is an incomplete sentence at the beginning of this question. I believe that my answer to question 11 deals with what appears to be the gist of that question. The second sentence of this question is repeated as question 13. I will deal with that question in my answer 13 below.

- 13 What are the financial thresholds for payments that would have required the approval of the Editor or of any of the other editorial postholders?**

I have been informed that the Editor of the News of the World had authority to approve payments of £50,000. The following maximum approval limits were in place for other editorial postholders at the *News of the World*:

Desk heads	£2,000
Scottish and Irish Editors	£5,000
Senior Associate Editor	£5,000
Deputy Editor	£10,000
Deputy Managing Editor	£20,000
Managing Editor	£50,000

- 14 What is the maximum amount that could have been paid out by a single journalist without requiring approval a) in one transaction; b) in one year; b) to one person?**

I am informed that some senior journalists on the *News of the World* (desk heads) were able to approve payments up to £2000. I am not aware of any aggregate limits whether over one year or to one individual person. For all other journalists, and for payments above that level, the approval of the Managing Editor was required (cash payments also required the approval of the Editor or Deputy Editor).

- 15 Please describe the accounting process for petty cash transactions, including an indication of how long these records are kept for.**

I am informed that until 2007 there was a cash desk which held cash for use across all of the titles published by NGN. Any member of staff requiring petty cash was required to submit a document countersigned by the relevant Editor or Managing Editor. That document was required to identify the purpose of the payment. The document would then be presented to the cash desk and the cash handed over. After 2007 this system changed. Now a sum of cash is retained by each of the Managing Editors. Any member of staff requiring petty cash is required to submit a document to the Managing Editor identifying

the purpose of the payment. If the Managing Editor is satisfied the cash is handed over to the applicant. The petty cash records are kept for at least 7 years.

- 16 Please give an indication of whether any of the records have been examined to look for payments to people who are neither employed by News International nor by approved suppliers and, if they have, details of who these people are.**

I am informed that the company has examined likely relevant cash payments made in relation to the *News of the World* and has handed all relevant documentation to the Metropolitan Police Service. However, News International has not yet undertaken an examination as broad as that suggested by this question.

Based on Q 249

- 17 How many people have been disciplined or dismissed for violation of News International's Corporate Code of Conduct each year since 2000?**

I am informed that our human resources department has records of those dismissed for misconduct although I have been asked to point out that it is not clear that all of this misconduct was such that it would constitute a breach of the News Corporation Standards of Business Conduct. These may also have included cases where there were appeals against dismissal which were compromised. However, I do not currently have any figures for these cases. The numbers dismissed over the period in question are as follows:

2000	6
2001	5
2002	3
2003	6
2004	5
2005	6
2006	5
2007	7
2008	2
2009	5
2010	1
2011	3
Total	54

- 18 What mechanisms and processes does News Corporation have in place to ensure that it will find out about any criminal or fraudulent activity that has been committed within the company or any of its subsidiaries?**

News Corporation has an internal audit function which conducts audits of our business units and seeks to identify any improper conduct. News Corporation encourages employees to report violations and has a strict policy that no employee making a complaint will be the subject of any criticism. News Corporation maintains an Alertline, which allows employees to make anonymous reports. News Corporation also has a complaint handling committee which includes representatives from the audit, legal and compliance functions. This committee reviews and responds to all complaints made about conduct in the company. Finally, as the Committee is aware, training programmes are regularly run to

seek to ensure that the Press Complaints Commission's Code of Practice is understood and adhered to.

Based on Qq 539 and 540 (originally directed at Rebekah Brooks)

- 19 Please tell us which Editor, Night Editor, News Editor and lawyer were on duty reviewing the stories for the paper published on April 14th 2002, including the story that makes reference to a voicemail in the Milly Dowler case?**

I am informed that at the date you specify, the positions at the *News of the World* to which you refer were held by the following individuals:

Editor: Rebekah Brooks

Night Editor: Peter Smith


News Editor: Neville Thurlbeck

Legal Manager: Tom Crone

Of those, our records show that Ms Brooks was on paid holiday from Tuesday, 9 April 2002 until Saturday, 13 April 2002 inclusive. We no longer have records dating back to 2002 showing who deputised for Ms Brooks while she was on holiday; nor do we still hold records for who was the on-duty lawyer on this date.

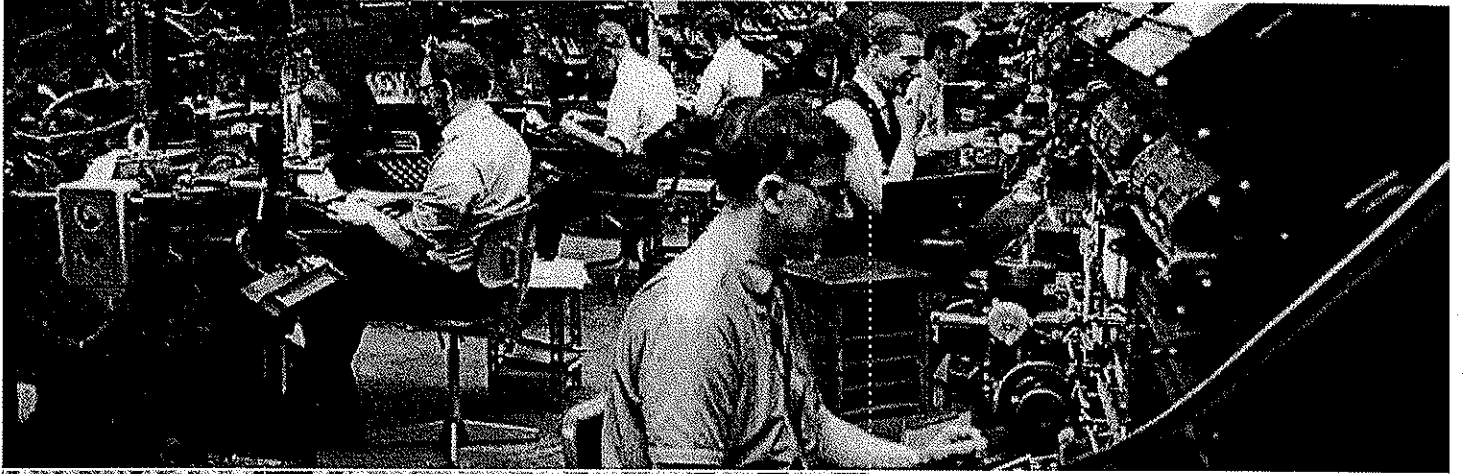
I trust this information is helpful to the Committee.

Yours sincerely

A handwritten signature in black ink, appearing to be 'JM', followed by a long horizontal line extending to the right.

James Murdoch

**DOCUMENTS REFERRED TO IN THE ANSWER TO
QUESTION 2**

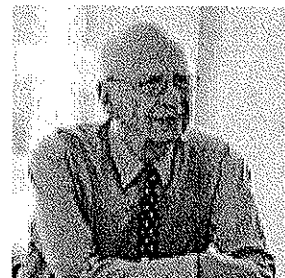


Standards of Business Conduct



Effective May, 2011

A Letter from Rupert Murdoch



Rupert Murdoch

Dear Colleagues:

For more than a half century, News Corporation has shaped global media by ensuring the public's needs are met and that our offerings are of the highest caliber. Today, hundreds of millions of people around the world trust us for the best quality and choice in news, sports and entertainment.

This public trust is our Company's most valuable asset: one earned every day through our scrupulous adherence to the principles of integrity and fair dealing.

We have revised this Standards of Business Conduct to make it easier to read and use, and to clearly outline what we should all expect of ourselves as colleagues. Each of us has the power to influence the way our Company is viewed, simply through the judgments and decisions we each make in the course of an ordinary day.

It's an important responsibility and I'm honored to share it with you.

A handwritten signature in dark ink, appearing to read 'Rupert Murdoch'.

Rupert Murdoch
Chairman and Chief Executive Officer
News Corporation

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Why do we have the Standards of Business Conduct?

People around the globe turn to us for information and entertainment, giving us their valuable time in large part because they trust us. They trust our dedication to the core values of our entire business: free inquiry, free speech and free expression.

In order to help keep that trust, we have to conduct our business with integrity. The News Corporation Standards of Business Conduct ("SBC" or "Standards") set forth the general principles that underlie the culture of trust that is at the heart of News Corporation ("News Corporation") and its majority-owned business units ("News Corporation companies" or "business units" or, generally and collectively, "the Company"). While it is impossible to formulate rules to govern every possible situation, these Standards seek to assist us in continuing to avoid misconduct and the appearance of misconduct. If you are uncertain about how to behave in a particular situation, please approach a manager in Human Resources or a lawyer in the Legal Department about what to do.

How do we Build and Maintain Trust?

Trust is built on commitment. The Company is committed to our employees and our stockholders. We also recognize our commitments to free markets and to the global community, especially the public that consumes our content. These commitments form the foundation for these Standards.

TRUST IN THE WORKPLACE – OUR COMMITMENT TO OUR EMPLOYEES

We treat each other fairly and with respect, establishing a high trust environment where people can do their best work.

TRUST IN THE INTEGRITY OF OUR EMPLOYEES – OUR COMMITMENT TO OUR STOCKHOLDERS

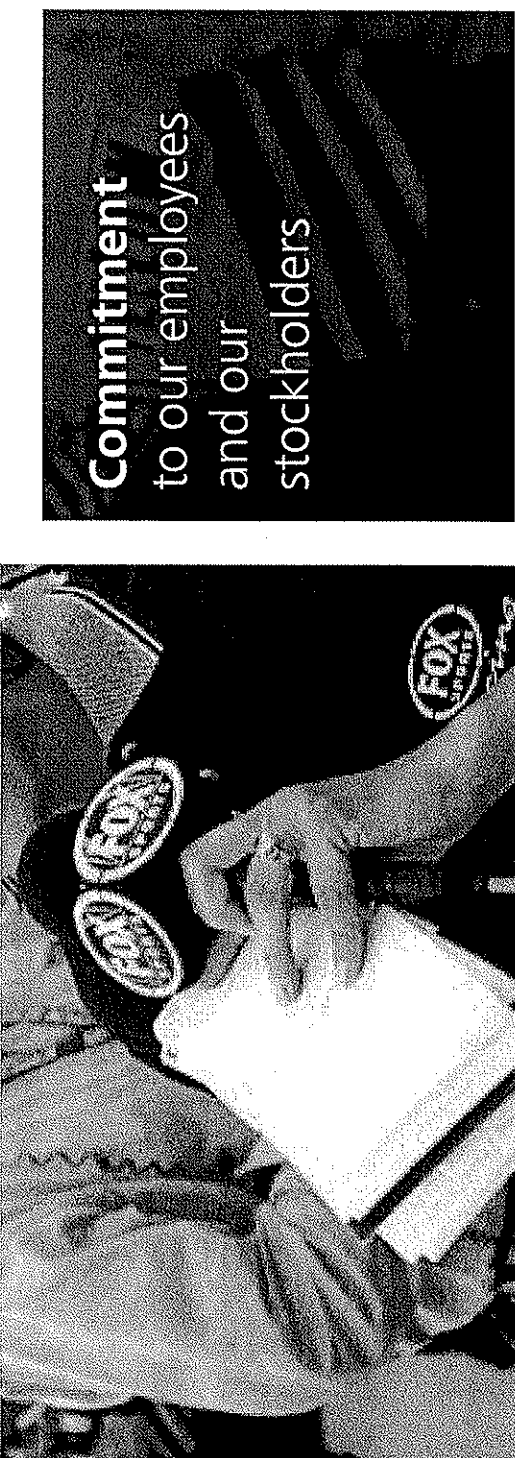
Each of us employed at News Corporation companies acts in the best interests of the Company, and we don't do anything that would bring the Company into disrepute.

TRUST IN OUR BUSINESS ETHICS – OUR COMMITMENT TO THE FREE MARKET

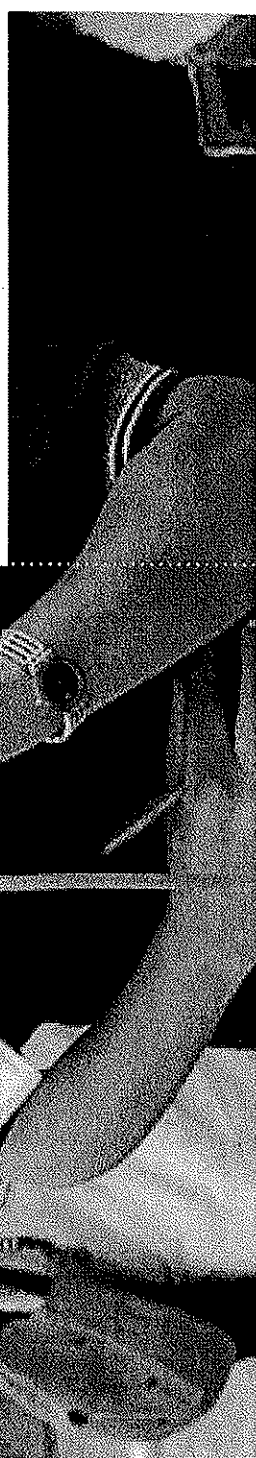
We uphold rigorous accuracy and honesty in our financial records and in our dealings with business partners, competitors and suppliers.

TRUST IN THE LAW – OUR COMMITMENT TO THE GLOBAL COMMUNITY

We comply with all applicable laws in the countries in which we do business, and practice good citizenship.



Commitment
to our employees
and our
stockholders



It is the **responsibility**
of every employee
to read and understand
the SBC

Who must follow these Standards?

All directors, officers and employees of News Corporation companies must act according to the principles set forth in these Standards. We also expect everyone working on our behalf, including consultants, agents, suppliers and business partners, to adhere to our ethical standards. We may never ask a third party to perform any act that would violate these Standards.



What are our responsibilities as employees?

- Read and understand the News Corporation SBC. It is the responsibility of every employee to read and understand the SBC. It is possible that the SBC may be updated from time to time to reflect changes in the law. Please check the online version of the SBC on the News Corporation website **www.newscorp.com** regularly for updates. In the event that the online version contradicts the hard-copy version, the online SBC takes precedence.
- Read and understand the SBC of your particular business unit, if it has one. Some business units have their own Standards. In addition to the News Corporation Standards, you must similarly read and understand your own business unit Standards, and raise any questions you may have about them. When one set of standards is more restrictive than the other with respect to a particular issue, the stricter set governs your conduct, so it is necessary to be familiar with both.
- Learn the details of policies applicable to your job. In addition to the SBC, both News Corporation and your business unit have other policies that apply to various aspects of your job. Some examples are News Corporation policies dealing with Insider Trading, Anti-Bribery and Anti-Corruption, Electronic Communications and Records Management, among others, as well as those policies specific to your particular business unit. Be sure you learn and understand the provisions of those other policies and abide by them. All such policies are available either from your Human Resources department or on the intranet site for your business unit.
- If you have any questions regarding anything in the Standards or the policies, it is your obligation as an employee to raise those questions promptly with a manager in Human Resources or an attorney in the Legal Department. Being a company with worldwide operations brings with it many challenges and opportunities. As one possible example, there may be a conflict between the applicable laws of two or more countries in which we do business, or between the Standards or Company policy and local law. In these situations, it is very important to raise any issues you may find so that we can resolve the problem correctly.



Read and understand the policies applicable to your job and business unit